

STANDARD SUPPLY AS
SECOND QUARTER REPORT 2024



STANDARD**SUPPLY**

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Second Quarter Management Report 2024

Key Financials

	Three Months Ended		Six Months Ended	
	2024 Q2	2023 Q2	2024 YTD Q2	2023 YTD Q2
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating income, adjusted*	56	12 514	1 537	20 334
EBITDA	-285	5 867	-5	7 204
Net profit	13 245	4 009	13 162	3 363

*Excluding net gain on sale of vessels USD 12.8m in 2024.

Highlights Second Quarter 2024

- The Group reported EBITDA of USD -0.3 million and net profit of USD 13.2 million.
- Standard Supplier, the only remaining vessel in the fleet, was sold on April 3rd, 2024, for gross proceeds of USD 22.7 million. Recognized net gain was USD 12.8 million.
- Cash at quarter end of USD 43.5 million.

Subsequent events

- Standard Supply AS's Board of Directors has decided to propose to distribute an extraordinary distribution of NOK 1.00 per share. The distribution must be approved by an extraordinary general meeting of the Company, and further information will be given in due course.

Second Quarter Management Report 2024 (Continued)

Consolidated Income Statement

Three months ending June 30, 2024

Operating revenues were USD 12.8m for Q2, 2024 (USD 12.5m for Q2, 2023). USD 12.8m were related to net gain on sale of the last vessel Standard Supplier on 3rd April 2024.

Ship operating expenses were USD 0.1m for Q2, 2024 (USD 6.2m for Q2, 2023). The reduction is explained by the Group no longer owns any vessels.

General and administrative expenses were USD 0.3m for Q2, 2024 (USD 0.4m for Q2, 2023).

Depreciation were USD 0.0m for Q2, 2024 (USD 2.0m Q2, 2023). Decrease in depreciation is explained by the sale of the last vessel in the fleet.

Net financial items were USD 0.8m for Q2, 2024 (USD 0.2m for Q2, 2023). The net financial items in 2024 are related to interest income of USD 0.8m.

Six months ending June 30, 2024

Operating revenues were USD 14.3m for the six months ending June 30, 2024 (USD 20.3m for the six months ending June 30, 2023). For 2024, USD 12.8m were related to net gain on sale of Standard Supplier and 1.5m related to net charter hire up to the sale on 3rd April 2024. Operating revenues in Q1 2024 negatively impacted by Standard Supplier being off-hire until late January 2024 due to repair of one of the azimuth thrusters.

Ship operating expenses were USD 0.9m for the six months ending June 30, 2024 (USD 12.3m for the six months ending June 30, 2023). The reduction is explained by the Group sold its last vessel on 3rd April 2024.

General and administrative expenses were USD 0.6m for the six months ending June 30, 2024 (USD 0.8m for the six months ending June 30, 2023).

Depreciation were USD 0.4m for the six months ending June 30, 2024 (USD 3.9m for the six months ending June 30, 2023). Decrease in depreciation is explained by the sale of vessels during 2023 and the last vessel early in Q2 2024.

Net financial items were USD 1.3m for the six months ending June 30, 2024 (USD 0.2m for the six months ending June 30, 2023). The net financial items in 2024 are related to net interest income of USD 1.3m.

Income tax expenses were USD 0.5m for the six months ending June 30, 2024 (USD 0.2m for the six months ending June 30, 2023). Increase in income tax for 2024 are mainly explained by agio effects on cash holdings as taxation are done in Norwegian kroner.

Consolidated Cash Flow Statement

Six months ending June 30, 2024

Net cash provided by operating activities were USD 1.3m for the six months period ending June 30, 2024 (USD 4.4m for the six months period ending June 30, 2023). Decrease in net cash provided by operating activities are mainly a result of the decreased fleet in 2024.

Net cash received from investing activities were USD 21.9m for the six months period ending June 30, 2024 (USD -2.0m for the six months period ending June 30, 2023). Net cash received from investing activities in 2024 relates to net proceeds from the sale of Standard Supplier of USD 22.2m and dry-dock expenses of USD -0.3m.

Net cash used in financing activities were USD -69.3m for the six months ending June 30, 2024 (USD -1.1m for the six months ending June 30, 2023). For 2024 this is related to USD -0.05m in interest on the RCF and dividends and repayments of USD -49m to controlling interest and USD -20.2m to non-controlling interests.

Consolidated Balance Sheet

Total assets were USD 45.2m as of June 30, 2024, a decrease of USD 61.5m since December 31, 2023. The decrease is mainly driven by dividends and repayments to controlling and non-controlling interests.

Total equity was USD 43.7m as of June 30, 2024, including minority interests of USD 0.2m

Total cash and cash equivalents were USD 43.5m as of June 30, 2024, including USD 0.8m in Northern Supply.

The RCF were un-drawn as of June 30, 2024.

UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

USD	Note	Q2 2024	Q2 2023	YTD Q2 2024	YTD Q2 2023
OPERATING INCOME					
Operating income	3	56 219	12 513 915	1 536 688	20 333 614
Net gain sale of vessels	4,6	12 774 227	-	12 774 227	-
Total operating income		12 830 446	12 513 915	14 310 915	20 333 614
OPERATING COSTS					
Ship operating expenses		86 774	6 244 205	899 778	12 317 717
Administration expenses		254 704	402 485	642 163	812 101
Depreciations	4	8 580	1 962 097	363 795	3 907 051
Total operating expenses		350 057	8 608 788	1 905 736	17 036 868
NET OPERATING RESULT		12 480 389	3 905 128	12 405 179	3 296 746
FINANCIAL ITEMS					
Interest income		808 285	81 470	1 316 294	110 292
Net currency gain/(loss)		16 505	170 070	29 068	230 879
Interest costs	6	-	66 076	46 843	102 511
Net financial items		824 790	185 465	1 298 519	238 660
NET RESULT BEFORE TAX		13 305 178	4 090 592	13 703 698	3 535 406
Tax		60 016	81 253	542 137	172 769
RESULT OF THE PERIOD		13 245 163	4 009 340	13 161 561	3 362 638
Attributed to majority interest	5	13 095 554	2 828 437	13 240 731	2 239 079
Attributed to minority interest	5	149 609	1 180 902	-79 169	1 123 559

UNAUDITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

USD	Note	30 June 2024	31 Dec 2023
NON-CURRENT ASSETS			
Fixed assets			
Vessels	4	-	9 519 857
Total fixed assets		-	9 519 857
Total fixed assets		-	9 519 857
CURRENT ASSETS			
Inventory			
Inventory		-	151 108
Accounts receivables			
Receivable ship manager		1 579 399	2 593 167
Other receivables		66 895	192 877
Trade receivables		-	4 685 417
Total receivables		1 646 294	7 471 461
Cash and cash equivalents		43 549 137	89 533 527
Total current assets		45 195 431	97 156 096
TOTAL ASSETS		45 195 431	106 675 953
EQUITY			
Paid in capital			
Share capital	5	1 927 926	1 927 926
Premium of shares	5	11 376 515	60 352 617
Total paid in equity		13 304 441	62 280 543
Other equity			
Retained earnings	5	30 228 857	17 967 494
Currency translation differences	5	-	-979 368
Total other equity		30 228 857	16 988 126
Minority interests	5	208 643	20 519 934
Total equity		43 741 940	99 788 603
LIABILITIES			
Short term liabilities			
Debt to owners	6	-	-
Debt ship manager		364 942	2 645 559
Accounts payable		145 383	3 814 173
Tax payable		670 684	302 337
Other current liabilities		272 481	125 281
Total short-term liabilities		1 453 491	6 887 350
Total liabilities		1 453 491	6 887 350
TOTAL EQUITY AND LIABILITIES		45 195 431	106 675 953

UNAUDITED CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

USD	Note	YTD Q2 2024	YTD Q2 2023
Cash-flow from operational activities			
Profit before tax		13 703 698	3 535 406
Depreciations	4	363 795	3 907 051
Income tax paid		-173 790	-50 143
Gain on sale of vessels	4	-12 774 227	-
Change in inventories		151 108	894 765
Change in receivables and prepayments		5 825 167	-3 123 419
Change in payables and accruals		-5 902 593	-612 350
Change in other provisions		147 200	-120 019
Net cash-flow from operational activities		1 340 359	4 431 291
Cash-flow from investment activities			
Investment in fixed assets	4	-290 052	-1 982 793
Net proceeds from sale of vessel	4	22 220 341	-
Net-Cash-flow from investment activities		21 930 289	-1 982 793
Cash-flow from financing activities			
Drawdown RCF	6	11 800 000	2 700 000
Repayment RCF	6	-11 800 000	-
Paid interest RCF	6	-46 813	-
Dividends and repayment to non-controlling interests	5	-20 232 122	-3 043
Dividends and repayment to controlling interests	5	-48 976 102	-3 845 430
Net cash-flow from financing activities		-69 255 038	-1 148 473
Net change in cash and cash-equivalents		-45 984 390	1 300 025
Cash and cash-equivalents at beginning of period		89 533 527	8 126 943
Cash and cash-equivalents at end of period		43 549 137	9 426 968

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 - THE PURPOSE OF THE GROUP AND THE BASIS FOR CONTINUED OPERATIONS:

The Standard Supply Group ("Group") was established 9 June 2022 when SD Standard ETC Plc. transferred all its shares in Wanax AS to Standard Supply AS as a contribution in kind. The transaction established the very same shareholder structure of Standard Supply AS as had been in Wanax AS immediately prior to the transaction. The transaction represents a capital reorganization, and not a business combination. The carrying values of assets and liabilities in Wanax AS are recognized in the combined group (with Standard Supply AS as the new parent company) with the same carrying values as in Wanax AS in line with predecessor accounting (i.e. to continuity) and with no fair value adjustments. The historical comparable financial information prior to the capital reorganization described above is therefore the historical financial information for Wanax AS and its subsidiaries.

On 21 June 2022 the BoD in Standard Supply approved the purchase of 290 878 shares in Northern Supply AS bringing the total ownership to 51% for the Group. Following the acquisition, the Group gained control over Northern Supply and Northern Supply was consolidated from this point in time. The acquisition of shares in Northern Supply was accounted for as a business combination. All the vessels in Northern Supply AS were sold during 2023.

On 27 June 2022, the Group announced that it had agreed to acquire the 2012 built medium-size PSV Standard Duke for a cash consideration of USD 5 million. The vessel was held through the company Standard Duke AS, which was a wholly owned subsidiary of Wanax. The purchase of the vessel was accounted for as an asset acquisition. The Group took possession of the vessel on 1 July 2022 and the vessel was thereafter sent to UK to undergo reactivation- and drydocking. Standard Duke was sold on 7 August 2023.

On 28 June 2022, the Group announced that it had agreed to acquire the 2019 built large-sized PSV Standard Defender for a cash consideration of NOK 204 million (USD 20.7m). The vessel was held through the company Standard Defender AS, which is a 90 % owned subsidiary of Wanax. The Group took possession of the vessel on 11 October 2022 and the purchase of the vessel was accounted for as an asset acquisition. Standard Defender and Standard Viking were sold on 11 December 2023.

As of 30 June 2024, the Group owns no vessels after the sale of Standard Supplier on 3rd April 2024.

The Group is listed on Euronext Growth in Oslo and as of 30 June 2024 owned 53.4% by the Cyprus-based and Oslo-Stock exchange listed company SD Standard ETC Plc. SD Standard ETC Plc is an investment entity as set out in IFRS 10 and does not consolidate its subsidiaries. Investment in subsidiaries, including the Standard Supply group, are measured at fair value through profit and loss in accordance with IFRS 9.

The condensed interim financial statements are presented under the going concern assumption.

NOTE 2 - ACCOUNTING PRINCIPLES:

General information

The financial statements have been prepared in accordance with the Norwegian Accounting Act and NRS 11 Interim Financial Statements on a condensed basis. The consolidated interim financial information should be read in conjunction with the consolidated audited annual financial statements for the year ended 31 December 2023 for Standard Supply AS.

The accounting principles applied in the preparation of the condensed interim financial statements are consistent with those presented in Annual Report of 2023.

Functional currency

The financial statements are presented in USD, which is also the functional currency of the holding company and all of its subsidiaries. Northern Supply AS and Standard Defender AS changed functional currency to USD from 1 January 2023. The group is operating in the oil-service segment, where USD is considered to be the prevailing currency.

Exchange rates

Liquid assets in foreign currencies are assessed in accordance with the current exchange rate principle. Long-term liabilities are posted at the current exchange rate.

The following exchange rate is used in the accounts:

GBP/USD per 30 June 2024: 1.2648 (31.12.2023: 1.2715, 30.06.2023: 1.2660)

NOK/USD per 30 June 2024: 0.0939 (31.12.2023: 0.0983, 30.06.2023: 0.0928)

NOTE 3 - INCOME:

The Group operated one large size PSV until 3rd April 2024.

The large size PSV had a weighted average of utilizations on 100% based on availability for the whole period.

Operating income in the period is solely related to the term market.

The Group operates in international waters, hence, there are no relevant geographical segmentation of income and costs.

NOTE 4 – FIXED ASSETS:

The Group has per end of June 2024 no vessels. The vessel has during the period been depreciated linearly down to scrap value over an expected economic lifespan on 25 years. Activated dry-dock expenses are depreciated over the dry-dock cycle on 5 years.

Vessels	2024	2023
Purchase cost 1 January	17 895 278	93 787 178
Investments	290 052	4 580 778
Sale	-18 185 330	-80 643 334
Purchase cost 30 June / 31 December	-	17 724 621
Acc. depreciation 1 January	8 375 421	15 968 064
Depreciation of the period	363 795	7 586 987
Acc. depreciation sold vessels	-8 739 215	-15 179 630
Acc. Depreciation 30 June / 31 December	-	8 375 421
Acc. currency translation differences	-	170 656
Book value 30 June / 31 December	-	9 519 857

The Group sold its last vessel Standard Supplier on 3rd April 2024. At time of sale, the book value of the vessel was USD 9.4m. Net proceeds from these sales was USD 22.2m which resulted in a net gain on USD 12.8m

NOTE 5 – EQUITY:

	Share capital	Premium of shares	Retained earnings	Currency translations	Minority interests	Total
Equity 01 January 2024	1 927 926	60 352 617	17 967 494	-979 368	20 519 934	99 788 603
Net profit for the period	-	-	13 240 731	-	-79 170	13 161 561
Liquidation of subsidiaries reclassification	-	-	-979 368	979 368	-	-
Dividends to non-controlling interests*	-	-	-	-	-20 232 122	-20 232 122
Dividends to controlling interests	-	-48 976 102	-	-	-	-48 976 102
Total equity 31 March 2024	1 927 926	11 376 515	30 228 857	-	208 643	43 741 940

* Consists of ordinary dividends on USD 3.8m and liquidation dividends on USD 16.4m

NOTE 6 – RELATED PARTY:

The Group has a revolving credit facility (“RCF”) with its majority owner SD. Standard ETC Plc with a committed amount of USD 20m and the maturity date is 31 December 2024. Interest is calculated based on Term SOFR 3m and a margin of 5%. As of 30 June 2024, the RCF was un-drawn. Interest expense amounts to 46 813 USD.

Other transactions with related parties for the six months period ending 30 June 2024:

Tycoon Industrier AS: Fee for CFO services – USD 42 318

Ferncliff TIH AS: Fee management services – USD 211 700, Fee assistance with the sale of one vessel – USD 227 330 – Total USD 439 030

Standard Invest AS: Fee for CEO services – USD 70 531.

NOTE 7 – SUBSIDIARIES:

Name of entity	Office	Ownership	Voting rights
Standard Supplier AS – Under liquidation	Oslo	100 %	100 %
Standard Viking AS – Under liquidation	Oslo	100 %	100 %
Standard Defender AS – Under liquidation	Oslo	90 %	90 %
Northern Supply AS – Under liquidation	Oslo	51 %	51 %
Wanax AS	Oslo	100 %	100 %
Standard Opportunities AS	Oslo	100 %	100 %

NOTE 8 – SUBSEQUENT EVENTS:

Standard Supply AS’s Board of Directors has decided to propose to distribute an extraordinary distribution of NOK 1.00 per share. The distribution must be approved by an extraordinary general meeting of the Company, and further information will be given in due course.

Standard Supply AS

Financial Calendar (Release of Financial Reports)

Q2 2024 23 August 2024

Q3 2024 15 November 2024

<https://standard-supply.com/>